IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WISCONSIN
GREEN BAY DIVISION

Therma-Tron-X, Inc.,

Plaintiff, **Case No. ____________**

v.

Michael F. Napadow,

Defendant.

COMPLAINT

Plaintiff Therma-Tron-X, Inc. ("TTX") alleges its complaint against Michael F. Napadow ("Napadow") as follows:

THE PARTIES

1. TTX is a Wisconsin corporation with a principal place of business at 1155 S. Neenah Avenue, Sturgeon Bay, Wisconsin 54235.

2. On information and belief, Napadow is an individual citizen of the United States, with a last known address as follows: Elkton Federal Correctional Institution, Inmate No. 22458-424, P.O. Box 10, Lisbon OH 44432. Napadow was released by the Federal Bureau of Prisons on March 17, 2016. Napadow has refused to provide physical address information in his correspondence to TTX.

JURISDICTION AND VENUE

3. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338, and 2201 because a present, concrete, real, and substantial justiciable controversy exists under 28

U.S.C. §§ 2201 and 2202, and under the patent laws of Title 35 of the United States Code, between TTX and Napadow regarding, among other things, TTX's alleged infringement of U.S. Patents 5,849,053 (the "'053 patent") and 5,885,154 (the "'154 patent").

4. Copies of the '053 patent and the '154 patent are attached as Exhibits A and B, respectively.

5. Because this Court has original jurisdiction over the declaratory judgment claims in this action, the Court also has supplementary jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367 because those claims are so related to the patent law claims that they form part of the same case or controversy under Article III of the United States Constitution. The state law claims asserted here arise from Napadow's baseless, misleading, and insufficiently documented demand letters containing assertions of patent infringement directed toward TTX on August 29, 2016, and on September 23, 2016.

6. Copies of the demand letters sent by Napadow to TTX on August 29, 2016, and on September 23, 2016, are attached as Exhibits C and D, respectively.

7. This Court has personal jurisdiction over Napadow at least pursuant to Wisconsin's long-arm statute, Wis. Stat. § 801.05(1), which provides that the Court has jurisdiction over a person engaged in substantial and not isolated activities within the state, whether such activities are wholly interstate, intrastate or otherwise. Napadow directed demand letters to TTX within the State of Wisconsin on August 29, 2016, and on September 23, 2016, for purposes of obtaining a monetary payment. Napadow is therefore conducting business in Wisconsin and within this district, and the claims arise from Napadow's conduct in Wisconsin.

8. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1400.

FACTUAL BACKGROUND

9. TTX is headquartered in Sturgeon Bay, Wisconsin. TTX operates within Wisconsin in the design, fabrication, and installation of automated e-coat, powder, and liquid paint finishing systems for industrial clients.

10. Napadow purports to own the ’053 patent and the ’154 patent.

11. Napadow is listed as a named inventor on the ’053 and ’154 patents along with another individual, Thomas L. Rowe of Channahon, Illinois (“Rowe”).

12. According to public records maintained by the United States Patent and Trademark Office (“USPTO”), no assignment has been recorded pertaining to the ’053 patent or the ’154 patent.

13. On information and belief, Rowe never assigned his ownership interest in the ’053 patent or his ownership interest in the ’154 patents to Napadow or to any other person or entity. On information and belief, Rowe is an owner of the ’053 patent and the ’154 patent.

14. On information and belief, Napadow did not invent the subject matter of any claim of the ’053 patent or the ’154 patent.

15. According to public records maintained by the USPTO, the ’053 patent expired on January 15, 2003, for nonpayment of maintenance fees. The ’053 patent has been expired at all times since January 15, 2003.

16. According to public records maintained by the USPTO, the ’154 patent expired on March 23, 2003, for nonpayment of maintenance fees. The ’154 patent has been expired at all times since March 23, 2003.

17. On August 29, 2016, Napadow sent a letter to TTX via e-mail claiming to be the holder of the ’053 and ’154 patents and asserting that TTX infringed both patents.

18. Napadow's letter of August 29, 2016, threatened that within 45 days, Napadow was "going to file a $10,000,000 lawsuit for patent infringement against your company." The letter further listed numerous categories of discovery that Napadow's threatened lawsuit would include, stating that such discovery would be "an extremely time consuming task for yourself and any personnel assigned to this task. My estimate is in the thousands of hours."

19. Napadow's letter of August 29, 2016, further invited TTX to "offer a settlement prior to the filing" to avoid the threatened discovery burden. Napadow asserted that if TTX did not do so prior to filing of the lawsuit, he would retain local attorneys on a contingency basis, and once those attorneys "smell blood," the settlement price "will be substantially higher than it would be before the filing." Napadow's letter concluded: "I WILL follow thru [sic] with the lawsuit."

20. TTX responded through counsel to Napadow's letter of August 29, 2016, with a letter dated September 8, 2016, informing Napadow of the expiration dates for the '053 and '154 patents and requesting factual bases for Napadow's allegations of patent infringement against TTX. A copy of TTX's letter of September 8, 2016, is attached as Exhibit E.

21. On September 23, 2016, Napadow sent another letter via e-mail to counsel for TTX. In that letter, Napadow asserted that he has "a national legal recruiting firm recruited and funded to solicit these persons to represent me in local court." Napadow also alleged that he has "definitive proof of infringement" and urged TTX and its counsel "to reconsider my settlement offer now instead of a few years from now which will mean that your client will have to spend funds to defend this action that will increase every year and your client will offer a larger settlement at the 'courthouse steps' that can be settled now."

22. In light of Napadow's communications asserting patent infringement against TTX and threatening imminent legal action, there is a substantial controversy between TTX and Napadow of sufficient immediacy and reality to warrant issuance of a declaratory judgment.

23. Wisconsin Statutes § 100.197 imposes legal requirements on anyone sending a "patent notification" in Wisconsin, defined under § 100.197(1)(a) as "a letter, e-mail, or other written communication attempting in any manner to enforce or assert rights in connection with a patent or pending patent."

24. Pursuant to Wisconsin Statutes § 100.197(2)(a), any patent notification must include the following information: (1) a physical or electronic copy of each patent; (2) the name and physical address of each owner of each patent; (3) the name and physical address of all other persons having a right to enforce each patent; (4) an identification of each patent claim being asserted, (5) an identification of the recipient's product, service, process, or technology to which each asserted claim relates; (6) factual allegations and an analysis setting forth in detail the sender's theory of infringement regarding each asserted claim and each accused product, service, process, or technology; and (7) an identification of each pending or completed court or administrative proceeding, including any proceeding before the USPTO, concerning each patent.

25. Wisconsin Statutes § 100.197(2)(c) provides that any sender that fails to provide any information required under § 100.197(2)(a) must remedy any such deficiencies within thirty days upon request of the recipient.

26. Wisconsin Statutes § 100.197(2)(b) prohibits including false, misleading, or deceptive information in a patent notice letter.

27. On October 5, 2016, TTX responded through counsel to Napadow's letter of September 23, 2016. In its letter, TTX reiterated that the '053 and '154 patents had previously

expired. TTX also provided notice that Napadow's communications directed toward TTX violated § 100.197 of the Wisconsin Statutes by failing to provide information required by § 100.197(2)(a), and TTX requested that Napadow provide the omitted information within thirty days as specified under § 100.197(2)(c). TTX also provided notice that Napadow had violated § 100.197(2)(b) by including false, misleading, or deceptive information in a patent notification. A copy of TTX's notice letter dated October 5, 2016, is attached as Exhibit F.

28. Napadow did not respond within thirty days to TTX's October 5, 2016, notice and request for information under § 100.197(2)(c) of the Wisconsin Statutes.

29. Napadow has not responded to TTX's notice of October 5, 2016.

30. Napadow has never provided TTX with the following information: (1) a physical or electronic copy of the '053 patent; (2) a physical or electronic copy of the '154 patent; (3) the name and physical address of each owner of the '053 patent; (4) the name and physical address of each owner of the '154 patent; (5) the name and physical address of all other persons having a right to enforce the '053 patent; (6) the name and physical address of all other persons having a right to enforce the '154 patent; (7) an identification of each patent claim being asserted, (8) an identification of TTX's product, service, process, or technology to which each asserted claim relates; (9) factual allegations and an analysis setting forth in detail Napadow's theory of infringement regarding each asserted claim and each accused product, service, process, or technology; and (10) an identification of each pending or completed court or administrative proceeding, including any proceeding before the USPTO, concerning each patent.

31. To date, Napadow has not brought any action against TTX for infringement of the '053 patent or the '154 patent.

COUNT I
DECLARATORY JUDGMENT OF NO LIABILITY REGARDING THE ’053 PATENT

32. TTX realleges and incorporates all previous allegations in paragraphs 1-31 by reference.

33. Under 35 U.S.C. § 286, there may be no recovery for any infringement committed more than six years prior to the filing of a complaint or counterclaim for patent infringement.

34. The ’053 patent is expired and has been expired for more than six years.

35. No recovery can be had for any alleged infringement of the ’053 patent under 35 U.S.C. § 286.

36. There is a justiciable controversy between the parties regarding Napadow’s entitlement to damages for alleged infringement of the ’053 patent, and TTX is entitled to a declaratory judgment that will conclusively resolve the issue.

COUNT II
DECLARATORY JUDGMENT OF NO LIABILITY REGARDING THE ’154 PATENT

37. TTX realleges and incorporates all previous allegations in paragraphs 1-36 by reference.

38. Under 35 U.S.C. § 286, there may be no recovery for any infringement committed more than six years prior to the filing of a complaint or counterclaim for patent infringement.

39. The ’154 patent is expired and has been expired for more than six years.

40. No recovery can be had for any alleged infringement of the ’154 patent under 35 U.S.C. § 286.

41. There is a justiciable controversy between the parties regarding Napadow’s entitlement to damages for alleged infringement of the ’154 patent, and TTX is entitled to a declaratory judgment that will conclusively resolve the issue.

COUNT III
INVALIDITY OF THE ’053 PATENT

42. TTX realleges and incorporates all previous allegations in paragraphs 1-41 by reference.

43. Napadow did not invent any of the subject matter claimed in the ’053 patent but nonetheless, with deceptive intent, caused himself to be listed as an inventor during prosecution of the ’053 patent.

44. The erroneous inclusion of Napadow as a named inventor of the ’053 patent cannot be corrected under 35 U.S.C. § 256(a). All claims of the ’053 patent are therefore invalid under 35 U.S.C. § 256(b).

45. There is a justiciable controversy between the parties regarding the validity of the claims of the ’053 patent, and TTX is entitled to a declaratory judgment that will conclusively resolve the issue.

COUNT IV
INVALIDITY OF THE ’154 PATENT

46. TTX realleges and incorporates all previous allegations in paragraphs 1-45 by reference.

47. Napadow did not invent any of the subject matter claimed in the ’154 patent but nonetheless, with deceptive intent, caused himself to be listed as an inventor during prosecution of the ’154 patent.

48. The erroneous inclusion of Napadow as a named inventor of the ’154 patent cannot be corrected under 35 U.S.C. § 256(a). All claims of the ’154 patent are therefore invalid under 35 U.S.C. § 256(b).

49. There is a justiciable controversy between the parties regarding the validity of the claims of the ’154 patent, and TTX is entitled to a declaratory judgment that will conclusively resolve the issue.

COUNT V
VIOLATION OF WISCONSIN STATUTES § 100.197

50. TTX realleges and incorporates all previous allegations in paragraphs 1-49 by reference.

51. Napadow violated § 100.197(2)(b) of the Wisconsin Statutes by sending patent notifications that contained false, misleading, or deceptive information by asserting infringement of two expired patents and by failing to acknowledge the ’053 and ’154 patents are expired.

52. Napadow violated § 100.197(2)(a) of the Wisconsin Statutes by sending patent notifications that omitted information required by statute.

53. TTX provided notice to Napadow that he violated § 100.197(2)(a) of the Wisconsin Statutes and requested that Napadow remedy the deficiencies in his patent notifications within thirty days as provided under § 100.197(2)(c).

54. Napadow failed to remedy his violations of § 100.197(2)(a) of the Wisconsin Statutes by failing to provide the omitted information within thirty days of TTX’s request, thereby violating § 100.197(2)(c) of the Wisconsin Statutes.

55. TTX was the “target” of Napadow’s illegal patent notifications within the meaning of § 100.197(1)(b) of the Wisconsin Statutes.

56. TTX is entitled to judgment that Napadow violated § 100.197(2) of the Wisconsin Statutes.

57. Pursuant to § 100.197(3), TTX is entitled to statutory relief due to Napadow’s violations of § 100.197(2).

PRAYER FOR RELIEF

In view of the foregoing, TTX requests that judgment be entered in its favor against Napadow as follows:

A. A declaration that Napadow is not entitled to damages for any alleged infringement in connection with the ’053 patent;

B. A declaration that Napadow is not entitled to damages for any alleged infringement in connection with the ’154 patent;

C. A declaration that all claims of the ’053 patent are invalid;

D. A declaration that all claims of the ’154 patent are invalid;

E. A declaration that Napadow has violated § 100.197(2)(b) of the Wisconsin Statutes;

F. A declaration that Napadow has violated § 100.197(2)(c) of the Wisconsin Statutes;

G. An award of costs and damages under §§ 100.197(3)(b)(2) and 100.197(3)(b)(3) of the Wisconsin Statutes;

H. An award of $50,000 in punitive damages for each violation of §§ 100.197(2)(b) and 100.197(2)(c) pursuant to §§ 100.197(3)(b)(4) and 100.197(3)(c) of the Wisconsin statutes;

I. Injunctive relief pursuant to 100.197(3)(b)(1) of the Wisconsin Statutes;

J. Any other such relief as the Court deems appropriate.

JURY DEMAND

TTX demands a trial by jury on all triable issues.

Dated November 23, 2016.

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